



**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Financial Statements and Schedules

December 31, 2004 and 2003

(With Independent Auditors' Report Thereon)

RECEIVED

MAY 06 2005

**NEBRASKA DEPARTMENT
OF INSURANCE**



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Independent Auditors' Report

Board of Directors
Nebraska Property and Liability
Insurance Guaranty Association:

We have audited the accompanying statements of assets and fund balance arising from cash transactions of Nebraska Property and Liability Insurance Guaranty Association (the Association) as of December 31, 2004 and 2003, and the related statements of revenue collected, expenses paid, and change in fund balance for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balance arising from cash transactions of Nebraska Property and Liability Insurance Guaranty Association as of December 31, 2004 and 2003, and its revenue collected, expenses paid, and change in fund balance for the years then ended on the basis of accounting described in note 1.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in note 4 is presented for purposes of additional analysis and is not a required part of the cash-basis financial statements. Such information has not been audited, and accordingly, we express no opinion on it. The supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

February 24, 2005

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Statements of Assets and Fund Balance
Arising from Cash Transactions

December 31, 2004 and 2003

Assets	2004	2003
Cash	\$ 34,913	81,360
Investment pool accounts	2,310,000	2,000,000
U.S. Treasury notes	13,652,466	12,142,853
Deposit	775	775
Total assets	<u>\$ 15,998,154</u>	<u>14,224,988</u>
Fund Balance		
Fund balance	<u>\$ 15,998,154</u>	<u>14,224,988</u>

See accompanying notes to financial statements.

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Statements of Revenues Collected,
Expenses Paid, and Change in Fund Balance

Years ended December 31, 2004 and 2003

	2004	2003
Revenue collected:		
Assessments	\$ 2,988,896	4,287,876
Interest income	162,390	188,526
Liquidation proceeds and other	<u>1,516,230</u>	<u>2,054,448</u>
Total revenue collected	<u>4,667,516</u>	<u>6,530,850</u>
Expenses paid:		
Losses, net	2,168,704	2,021,079
Loss adjustment expenses	82,056	92,223
General and administrative	<u>643,590</u>	<u>684,165</u>
Total expenses paid	<u>2,894,350</u>	<u>2,797,467</u>
Revenue collected over expenses paid	1,773,166	3,733,383
Fund balance, beginning of year	14,224,988	10,491,605
Fund balance, end of year	<u>\$ 15,998,154</u>	<u>14,224,988</u>

See accompanying notes to financial statements.

NEBRASKA PROPERTY AND LIABILITY INSURANCE GUARANTY ASSOCIATION

Notes to Financial Statements

December 31, 2004 and 2003

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Nebraska Property and Liability Insurance Guaranty Association (the Association) was created in May 1971 by Nebraska state statute as a nonprofit, unincorporated legal entity. The purpose of the Association is to provide a method of payment for certain claims against insolvent insurance companies, to avoid financial loss to claimants or to policyholders in the state of Nebraska, to assist in the detection and prevention of insurer insolvencies, and to provide an association of insurers against which the cost of such protection may be assessed in an equitable manner. A majority of the Association's revenues are derived from Nebraska-based insurers.

(b) Basis of Accounting

The Association's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Under this basis, revenues are recognized when collected rather than when earned and certain expenditures are recognized when paid rather than when incurred. Consequently, assessments receivable from insurers and amounts due for supplies received, services rendered, or estimated unpaid claims are not included in the financial statements.

(c) Allocation of Revenue Collected and Expenses Paid

The Association attempts to specifically identify, to the degree allowable, all revenue collected and expenses paid. Thus, each liquidation receives its share of revenue and expense items directly related to it. The following items are, for the most part, specifically identifiable: assessments collected, losses paid, loss adjustment expenses paid, refund of assessments, and certain general and administrative expenses.

(d) Investments

The Association carries its investments at cost. While the Association intends to hold its investments in debt securities to maturity, its ability to do so may be affected by the timing and amount of claims presented as a result of insurer insolvencies. A disposition of investment in debt securities may result in a realized gain or loss using a cash-basis method of accounting for the difference between fair value and cost of the security at the date of sale. The fair market value of U.S. Treasury notes was \$13,468,478 and \$12,043,594 at December 31, 2004 and 2003, respectively. Premiums paid and discounts received in connection with these investments are not amortized or accrued into interest income over the life of the investment. Rather, they are recorded as a component of net interest income at the maturity date.

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

December 31, 2004 and 2003

The U.S. Treasury notes mature as follows:

	Cost	Fair market value
2005	\$ 6,014,662	5,969,063
2006	5,626,053	5,519,883
2007	2,011,751	1,979,532
	\$ 13,652,466	13,468,478

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated the length of time that individual securities have been in a continuous unrealized loss position at December 31, 2004 were as follows:

	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
U.S. Treasury notes \$	138,390	7,499,414	45,598	5,969,064	183,988	13,468,478

The unrealized losses on investments in U.S. Treasury notes were caused by interest rate increases. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

(e) Income Taxes

The Association is an instrumentality of the State of Nebraska and is a tax-exempt organization as described in Section 115 of the Internal Revenue Code.

(2) Assessments

The Association collects assessments from each member insurer (qualifying entities licensed to write insurance in the state of Nebraska) in proportion to the net direct written premiums of the member insurer in relation to the net direct written premiums of all member insurers. In addition, the Association may make an assessment for the purpose of meeting administrative costs and other general expenses not related to a particular impaired insurer. The member insurer may deduct one-fifth of the assessment each year for five years from its state premium tax liability. Should the Association recover any sum representing amounts previously written off by member insurers and offset against taxes, this recovered amount is paid by the Association to the director of Insurance for the state of Nebraska. If the recovery is before the end of the year in which the assessment was made, the Association reimburses this amount directly to the member insurer and no premium tax offset is allowed.

NEBRASKA PROPERTY AND LIABILITY INSURANCE GUARANTY ASSOCIATION

Notes to Financial Statements

December 31, 2004 and 2003

(3) Claims

The Association is obligated only to the extent of the covered claims existing prior to the date a member insurer becomes an insolvent insurer or arising within 30 days after the member insurer has been determined insolvent. For a claim to be covered, it must arise out of and within the coverage of an insurance policy issued by the member insurer, and the claimant or insured must be a resident of the state of Nebraska or the property from which the claim arises must be permanently located in the state.

(4) Estimated Unpaid Claims (Unaudited)

As of December 31, 2004, the Association estimates unpaid claims to be as follows:

Insolvency	\$
Iowa National Mutual Insurance Company	191,012
American Mutual Insurance Company	265,437
Rockwood Insurance Company	460,809
Home Insurance Company	1,739,576
Commercial Compensation Casualty Company	68,648
Credit General Insurance Company	701,327
Acceleration National Insurance Company	48,610
Reliance Insurance Company	7,528,172
PHICO	2,406,246
Legion Insurance Company	3,407,260
Fremont Indemnity Insurance Company	955,308
Villanova Insurance Company	3,626
Casualty Reciprocal Exchange	103,343

These amounts are estimates, and the ultimate settlement of losses may vary from the amounts above. No representation is made by the Association that the ultimate liability may not be in excess of the above figures. Certain insolvencies have not had assessments levied as of December 31, 2004 to cover the estimated claims.

(5) Lease Commitments

The Association leases office space under a noncancelable operating lease that expires November 30, 2006. Total lease expense for office space was approximately \$12,600 and \$12,300 for the years ended December 31, 2004 and 2003, respectively. Future annual lease payments under terms of the lease are approximately \$12,900 in 2005 and \$12,000 in 2006.

(6) Refund of Assessments

The Association assesses member insurers for insolvencies based on case reserves estimated at the time of insolvency. The member insurers then offset the assessments against their respective premium tax liabilities. If such funds, including earned interest, are sufficient to cover the claim payments on the insolvencies, the Association's board of directors will authorize and pay a refund of assessments as reflected in the accompanying statements of revenue collected, expenses paid, and change in fund balance.

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

December 31, 2004 and 2003

(7) Line of Credit

In 2003, the Association entered into a revolving line of credit with a financial institution that provides for borrowings up to \$5,000,000. The line of credit expires in September 2005. Borrowings under the line of credit bear interest at the U.S. Bank prime rate. The Association had \$5,000,000 available for borrowings with no outstanding balances on this line of credit at December 31, 2004 or 2003.

Schedule 1

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance

Year ended December 31, 2004

	M&W & Missouri General	Security Casualty	Excalibur	Aspen Indemnity	Ideal Mutual	Union Indemnity	Commercial Standard	Iowa National Mutual	Transit Casualty	Carriers	Midland	4/3/1986
Date of liquidation	12/10/1975	12/4/1981	9/5/1984	9/6/1984	2/7/1985	7/16/1985	10/4/1985	10/10/1985	12/4/1985	1/16/1986	Carriers	4/3/1986
Revenue collected:												
Assessments	\$ —	—	459	9,059	—	—	6,446	—	—	15,433	1,233	—
Interest income	—	—	—	—	—	—	37,939	—	—	3,384	12,355	—
Liquidation proceeds and other	—	—	—	—	—	—	—	—	—	—	—	44,985
Total revenue collected	—	—	459	9,059	—	—	44,385	—	—	15,433	4,617	12,355
Expenses paid:												86,308
Losses, net	—	—	—	—	—	—	—	—	—	—	—	—
Loss adjustment expenses	—	—	—	—	—	—	—	—	—	—	—	6,933
Refund of assessments	—	—	—	—	—	—	—	—	—	—	—	—
General and administrative	—	—	—	—	—	—	—	—	—	—	—	—
Total expenses paid	—	—	—	—	—	—	—	—	—	—	—	6,933
Revenue collected over expenses paid	—	459	9,059	—	44,385	—	—	8,500	4,617	12,355	—	79,375
Fund balance, beginning of year	—	43,739	862,964	—	581,344	—	—	1,474,568	115,173	1,176,954	—	4,254,142
Fund balance, end of year	\$ —	44,198	872,023	—	623,729	—	—	1,483,068	119,790	1,189,309	—	4,334,117

(Continued)

Schedule 1

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATIONCombining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance

Year ended December 31, 2004

	Brought forward	American Druggists	Allied Fidelity	Mission	Mission National	Integrity	American Excel	American Inter-Insurance	American Mutual	American Mutual Liability	American Universal	Carried forward
	4/30/1986	7/15/1986	2/24/1987	2/24/1987	5/31/1987	5/31/1988	5/31/1988	3/9/1989	3/9/1989	3/9/1989	1/8/1991	
Date of liquidation	\$ 44,985	25	306	1,731	3,621	751	—	—	2,522	368	72	54,381
Revenue collected:	41,323	—	—	—	936	—	—	—	—	—	—	42,779
Assessments	6,933	—	—	—	—	—	—	—	—	—	—	—
Interest income	—	—	—	—	—	—	—	—	—	—	—	—
Liquidation proceeds and other	86,308	25	306	1,731	3,621	1,707	—	—	2,522	368	72	96,660
	6,933	—	—	—	—	—	—	—	6,755	—	—	13,688
Expenses paid:	—	—	—	—	—	—	—	—	—	—	—	—
Losses, net	—	—	—	—	—	—	—	—	—	—	—	—
Loss adjustment expenses	—	—	—	—	—	—	—	—	—	—	—	—
General and administrative	—	—	—	—	—	—	—	—	—	—	—	—
Total revenue collected	6,933	—	—	—	—	—	—	—	6,755	—	—	—
Total expenses paid	79,375	25	306	1,731	3,621	1,707	—	—	(4,233)	368	72	32,972
Revenue collected over (under) expenses paid	4,254,742	2,359	29,189	164,916	344,944	70,895	—	—	244,380	35,074	6,389	5,153,568
Fund balance, beginning of year	\$ 4,334,117	2,384	29,495	166,547	348,565	72,602	—	—	240,347	35,442	6,941	5,236,540
Fund balance, end of year												

(Continued)

Schedule 1

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
**Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance**

Year ended December 31, 2004

	Brought forward	Edison	Western Employees	Rockwood	Employers Casualty	Professional Commonwealth General	United Community	Lutheran Benevolent	United Southern	American Eagle	Carried forward
Date of liquidation	2/20/1991	4/19/1991	8/26/1991	1/6/1994	4/7/1994	9/1/1995	11/10/1995	12/21/1996	9/18/1997	12/22/1997	
Revenue collected:											
Assessments	\$ 54,381	—	—	—	—	—	—	—	—	—	—
Interest income	42,279	—	—	—	—	—	—	—	—	—	—
Liquidation proceeds and other	96,660	—	—	—	—	—	—	—	—	—	—
Total revenue collected	13,688	—	—	—	16,328	—	—	—	—	—	—
Expenses paid:											
Losses, net	—	—	—	—	—	—	—	—	—	—	—
Loss adjustment expenses	—	—	—	—	—	—	—	—	—	—	—
General and administrative	—	—	—	—	—	—	—	—	—	—	—
Total expenses paid	13,688	—	—	—	16,328	—	—	—	—	—	—
Revenue collected over (under) expenses paid	82,972	—	—	(11,678)	566	—	—	8,015	(64,671)	278	30,016
Fund balance, beginning of year	5,153,568	—	—	453,237	53,921	51	—	172,795	64,671	—	64,671
Fund balance, end of year	\$ 5,236,540	—	—	441,559	54,487	51	—	180,810	—	26,780	523,793 6,464,020

(Continued)

Schedule 1

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATIONCombining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance

Year ended December 31, 2004

	Brought forward	Comm Compensation	Credit General	Acceleration National	HIH America	Reliance	PHICO	Home Insurance	Fremont Insurance	Legion Insurance	Villanova Insurance	Carried forward
Date of liquidation	9/26/2000	1/2/2001	2/28/2001	5/8/2001	10/3/2001	2/1/2002	6/13/2002	7/28/2003	7/28/2003	7/28/2003	7/28/2003	
Revenue collected:												
Assessments	\$ 67,164	3,977	18,403	69,695	—	2,291,745	10,127	429,913	—	146,237	—	2,947,717
Interest income	54,971	—	—	223	—	51,202	14,078	5,633	—	174	—	160,554
Liquidation proceeds and other	122,135	3,977	18,403	11,220	38,496	1,046,821	—	—	364,722	—	—	1,516,230
Total revenue collected	94,687	25,501	63,554	—	—	827,245	214,592	65,917	540,672	377,050	—	4,624,801
Expenses paid:												
Losses, net	64,671	—	915	—	—	20,629	8,347	6,736	35,145	10,264	—	2,144,547
Loss adjustment expenses		25,501	325	—	454	74,077	207,763	362	39,595	24,002	—	82,056
General and administrative					454	921,951	430,702	73,025	615,412	411,316	—	411,249
Total expenses paid												2,637,852
Revenue collected over (under) expenses paid	27,448	(21,524)	(46,391)	81,138	38,042	2,467,817	(406,497)	362,511	(250,690)	(264,905)	—	1,986,949
Fund balance (deficit), beginning of year	6,436,572	395,340	1,788,337	(12,652)	(124,329)	3,182,860	1,593,258	442,625	(295,188)	109,574	(3,374)	13,512,523
Fund balance (deficit), end of year	\$ 6,464,020	373,816	1,741,946	68,486	(86,287)	5,650,677	1,186,761	805,136	(545,878)	(155,311)	(3,374)	15,499,472

(Continued)

Schedule 1

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION

Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance

Year ended December 31, 2004

	Brought forward	Casualty Reciprocal Exchange	Administrative	Total
Date of liquidation		8/18/2004		
Revenue collected:				
Assessments	\$ 2,947,717	—	41,179	2,988,896
Interest income	160,854	—	1,536	162,390
Liquidation proceeds and other	1,516,230	—	—	1,516,230
Total revenue collected	<u>4,624,801</u>	<u>—</u>	<u>42,715</u>	<u>4,667,516</u>
Expenses paid:				
Losses, net	2,144,347	24,157	—	2,168,704
Loss adjustment expenses	82,056	—	—	82,056
General and administrative	411,249	—	232,341	643,590
Total expenses paid	<u>2,637,852</u>	<u>24,157</u>	<u>232,341</u>	<u>2,894,350</u>
Revenue collected over (under) expenses paid				
Fund balance (deficit), beginning of year	1,986,949	(24,157)	(189,626)	1,773,166
Fund balance (deficit), end of year	<u>13,512,523</u>	<u>—</u>	<u>712,465</u>	<u>14,224,988</u>
	<u><u>\$ 15,499,472</u></u>	<u><u>(24,157)</u></u>	<u><u>522,339</u></u>	<u><u>15,998,154</u></u>

See accompanying independent auditors' report.

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance

From inception to December 31, 2004

	Closed insol- vencies	M&W & Missouri General	Security Casualty	Excalibur	Aspen Indemnity	Ideal Mutual	Union Indemnity	Commercial Standard	Iowa Mutual	National Mutual	Carried forward
Revenue collected:											
Assessments	\$ 2,891,755	347,942	62,846	1,751,794	136,657	1,766,568	6,462	36,376	4,083,823	11,084,223	
Interest income	72,110	141,802	22,662	650,775	—	447,999	10,562	—	1,359,047	2,705,385	
Liquidation proceeds and other	4,427,989	151,499	51,370	981,915	138,673	568,488	—	—	2,786,062	9,105,996	
Total revenue collected	<u>7,391,854</u>	<u>641,243</u>	<u>136,878</u>	<u>3,384,484</u>	<u>275,330</u>	<u>2,783,055</u>	<u>6,890</u>	<u>46,938</u>	<u>8,228,932</u>	<u>22,895,604</u>	
Expenses paid:											
Losses, net	5,719,884	148,907	36,208	1,159,701	97,696	1,293,830	4,402	6,233	2,235,024	10,701,885	
Loss adjustment expenses	33,611	8,786	3,150	16,711	1,104	25,121	—	454	84,463	173,440	
Refund of assessments	1,613,817	454,061	20,189	1,137,420	138,048	619,134	—	29,913	4,083,823	8,095,405	
General and administrative	24,542	29,489	33,133	198,629	38,482	219,241	2,488	10,338	342,554	898,896	
Total expenses paid	<u>7,391,854</u>	<u>641,243</u>	<u>92,680</u>	<u>2,512,461</u>	<u>275,330</u>	<u>2,157,326</u>	<u>6,890</u>	<u>46,938</u>	<u>6,745,864</u>	<u>19,870,286</u>	
Fund balance, end of year	\$ —	—	44,198	<u>872,023</u>	—	625,729	—	—	1,483,068	<u>3,025,018</u>	

(Continued)

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
Continuing Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
From inception to December 31, 2004

	Brought forward	Transit Casualty	Carriers	Midland	American Drugists	Allied Fidelity	Mission	Mission National	Integrity	Carried forward
Revenue collected:										
Assessments	\$ 11,084,223	1,606,359	2,103,179	215,529	14,942	67,261	327,160	537,231	74,497	16,030,381
Interest income	2,705,355	111,893	1,269,869	—	25	1,517	120,229	82,558	11,244	4,302,720
Liquidation proceeds and other	9,105,996	130,296	339,727	2,272	2,359	68,816	343,558	536,171	74,952	10,824,147
Total revenue collected	<u>22,895,604</u>	<u>1,848,548</u>	<u>3,912,775</u>	<u>217,801</u>	<u>17,326</u>	<u>137,594</u>	<u>790,947</u>	<u>1,175,960</u>	<u>160,693</u>	<u>31,157,248</u>
Expenses paid:										
Losses, net	10,701,885	120,132	590,687	134,309	6,500	52,713	258,454	498,000	5,000	12,367,680
Loss adjustment expenses	173,400	7,327	8,189	256	—	441	1,545	—	—	191,158
Refund of assessments	8,096,405	1,501,224	1,983,550	207	(7,724)	26,570	277,057	269,117	60,278	12,146,406
General and administrative	898,896	100,075	141,040	83,029	16,166	28,375	87,244	80,278	83,091	1,498,194
Total expenses paid	<u>19,870,386</u>	<u>1,728,758</u>	<u>2,723,466</u>	<u>217,801</u>	<u>14,942</u>	<u>108,099</u>	<u>624,300</u>	<u>827,395</u>	<u>88,091</u>	<u>26,203,438</u>
Fund balance, end of year	<u>\$ 3,025,018</u>	<u>119,790</u>	<u>1,189,309</u>	<u>—</u>	<u>—</u>	<u>2,384</u>	<u>29,495</u>	<u>166,647</u>	<u>348,565</u>	<u>72,602</u>
										<u>4,953,810</u>

(Continued)

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
From inception to December 31, 2004

	Brought forward	American Excel	American Inter-Insurance	American Mutual	American Liability	American Universal	Edison	Western Employers	Rockwood	Carried forward
Revenue collected:										
Assessments	\$ 16,030,381	221,317	309,980	1,199,966	74,949	40,080	149,999	45,000	1,100,000	19,171,672
Interest income	4,302,720	6,251	—	44,365	43,000	3,503	5,887	141	215,594	4,621,461
Liquidation proceeds and other	10,324,147	121,240	172,043	57,676	190,467	49,599	19,768	(954)	304,931	11,738,917
Total revenue collected	<u>31,157,248</u>	<u>348,808</u>	<u>482,023</u>	<u>1,302,007</u>	<u>308,416</u>	<u>93,182</u>	<u>175,654</u>	<u>44,187</u>	<u>1,620,525</u>	<u>35,532,050</u>
Expenses paid:										
Losses, net	12,367,680	127,727	123,047	737,048	5,064	—	34,125	17,721	959,534	14,371,946
Loss adjustment expenses	191,158	970	225	30,635	—	1,486	10,225	963	12,866	248,528
Refund of assessments	12,146,406	135,547	254,396	—	219,759	34,426	68,884	—	—	12,859,418
General and administrative	1,498,194	84,564	104,355	293,977	48,151	50,329	62,420	25,503	206,566	2,374,059
Total expenses paid	<u>26,203,438</u>	<u>348,808</u>	<u>482,023</u>	<u>1,061,660</u>	<u>272,974</u>	<u>86,241</u>	<u>175,654</u>	<u>44,187</u>	<u>1,178,966</u>	<u>29,853,951</u>
Fund balance, end of year	<u>\$ 4,953,810</u>	<u>—</u>	<u>—</u>	<u>240,347</u>	<u>35,442</u>	<u>6,941</u>	<u>—</u>	<u>—</u>	<u>441,539</u>	<u>5,678,099</u>

(Continued)

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance

From inception to December 31, 2004

	Brought forward	Employers Casualty	Professional Commonwealth Medical	General	United Community	Lutheran Benevolent	United Southern	American Eagle	Comm Compensation	Carried forward
Revenue collected:										
Assessments	\$ 19,171,672	598,138	24,929	—	219,303	124,311	44,996	478,970	496,562	21,158,881
Interest income	4,621,461	157,640	1,469	—	31,878	15,492	6,980	71,336	11,331	4,917,587
Liquidation proceeds and other	11,738,917	265,281	(2,397)	5,197	30,755	14,396	15,507	70,375	122,651	12,260,682
Total revenue collected	<u>35,532,050</u>	<u>1,021,059</u>	<u>24,001</u>	<u>5,197</u>	<u>281,936</u>	<u>154,199</u>	<u>67,483</u>	<u>620,981</u>	<u>630,544</u>	<u>38,337,150</u>
Expenses paid:										
Losses, net	14,371,946	358,518	538	—	30,000	21,004	2,767	34,254	182,760	15,001,787
Loss adjustment expenses	248,528	5,219	—	—	4,051	874	—	3,861	8,106	270,639
Refund of assessments	12,859,418	527,742	—	(4,460)	(3,114)	64,671	—	—	—	13,444,257
General and administrative	2,374,059	75,093	23,412	9,657	70,189	67,650	37,936	58,773	65,862	2,782,631
Total expenses paid	<u>29,853,951</u>	<u>966,572</u>	<u>23,950</u>	<u>5,197</u>	<u>101,126</u>	<u>154,199</u>	<u>40,703</u>	<u>96,888</u>	<u>256,728</u>	<u>31,499,314</u>
Fund balance, end of year	<u>\$ 5,678,099</u>	<u>54,487</u>	<u>51</u>	<u>—</u>	<u>180,810</u>	<u>—</u>	<u>26,780</u>	<u>523,793</u>	<u>373,816</u>	<u>6,837,836</u>

(Continued)

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance

From inception to December 31, 2004

	Brought forward	Credit General	Acceleration National	HIH America	Reliance	PHICO	Home Insurance	Fremont Insurance	Legion Insurance	Carried forward
Revenue collected:										
Assessments	\$ 21,158,881	2,938,217	69,695	—	7,240,734	2,349,945	916,991	—	487,190	35,161,653
Interest income	4,917,587	72,445	223	—	64,036	35,551	5,633	—	174	5,095,649
Liquidation proceeds and other	12,260,682	—	11,221	38,496	2,545,360	679,000	—	364,722	—	15,899,481
Total revenue collected	<u>38,337,150</u>	<u>3,010,662</u>	<u>81,139</u>	<u>38,496</u>	<u>9,850,130</u>	<u>3,064,496</u>	<u>922,624</u>	<u>364,722</u>	<u>487,364</u>	<u>56,156,783</u>
Expenses paid:										
Losses net	15,001,787	996,963	7,951	86,485	3,662,427	1,076,111	101,981	804,311	592,772	22,330,788
Loss adjustment expenses	270,639	26,458	—	1,254	82,339	52,724	13,541	52,038	18,579	517,572
Refund of assessments	13,444,257	—	—	37,044	—	—	—	—	31,344	13,512,645
General and administrative	2,782,631	245,295	4,702	—	454,687	748,900	1,966	54,251	—	4,292,432
Total expenses paid	<u>31,499,314</u>	<u>1,268,716</u>	<u>12,653</u>	<u>124,783</u>	<u>4,199,453</u>	<u>1,877,735</u>	<u>117,488</u>	<u>910,600</u>	<u>642,635</u>	<u>40,653,437</u>
Fund balance (deficit), end of year	\$ <u>6,837,836</u>	<u>1,741,946</u>	<u>68,486</u>	<u>(86,287)</u>	<u>5,650,677</u>	<u>1,186,761</u>	<u>805,136</u>	<u>(545,878)</u>	<u>(155,331)</u>	<u>15,503,346</u>

(Continued)

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance

From inception to December 31, 2004

	Brought forward	Villanova Insurance	Casualty Reciprocal Exchange	Administrative	Total
Revenue collected:					
Assessments	\$ 35,161,653	—	—	784,691	35,946,344
Interest income	5,095,649	—	—	3,139,19	5,405,568
Liquidation proceeds and other	15,899,481	—	—	89,371	15,988,852
Total revenue collected	56,156,783	—	—	1,187,981	57,344,764
Expenses paid:					
Losses, net	22,330,788	3,874	24,157	—	22,358,819
Loss adjustment expenses	517,572	—	—	—	517,572
Refund of assessments	13,512,645	—	—	—	13,512,645
General and administrative	4,292,432	—	—	665,142	4,957,574
Total expenses paid	40,653,437	3,874	24,157	665,142	41,346,610
Fund balance (deficit), end of year	\$ 15,503,346	(3,874)	(24,157)	522,839	15,998,154

See accompanying independent auditors' report.

